

# Glaston Financial Statements 2017

8 February 2018

# Q4 in brief



Orders received:  
EUR 28.8 milion, -14%\*)

Net sales:  
EUR 33.1 million, -6%\*)

Comparable operating profit:  
EUR 2.6 million (EUR 2.7 million)

Order book:  
EUR 35.2 milion, -23% \*)

- Good development of the glass processing market continued in the fourth quarter. EMEA area strengthened its position as Glaston's biggest market area
- New orders declined by 14% from previous year's high level. Order intake grew steadily in every quarter compared with the previous quarter
- Due to a lower number of deliveries, October-December net sales declined by 6%. In 2016, deliveries weighted strongly towards Q4
- Comparable operating profit was at the previous year's level and the share of net sales was 7.8%, i.e. at same level as Q4 2016

\*) Taking into account the sale of the USA and Canada pre-processing machine business, orders received -11%, order book -21% and net sales -3%

# 2017 in brief



Orders received:  
EUR 103.7 million, -8%\*)

Net sales:  
EUR 110.4 million, +3%\*)

Comparable operating profit:  
EUR 5.4 million (+94%)

Order book:  
EUR 35.2 million, -23% \*)

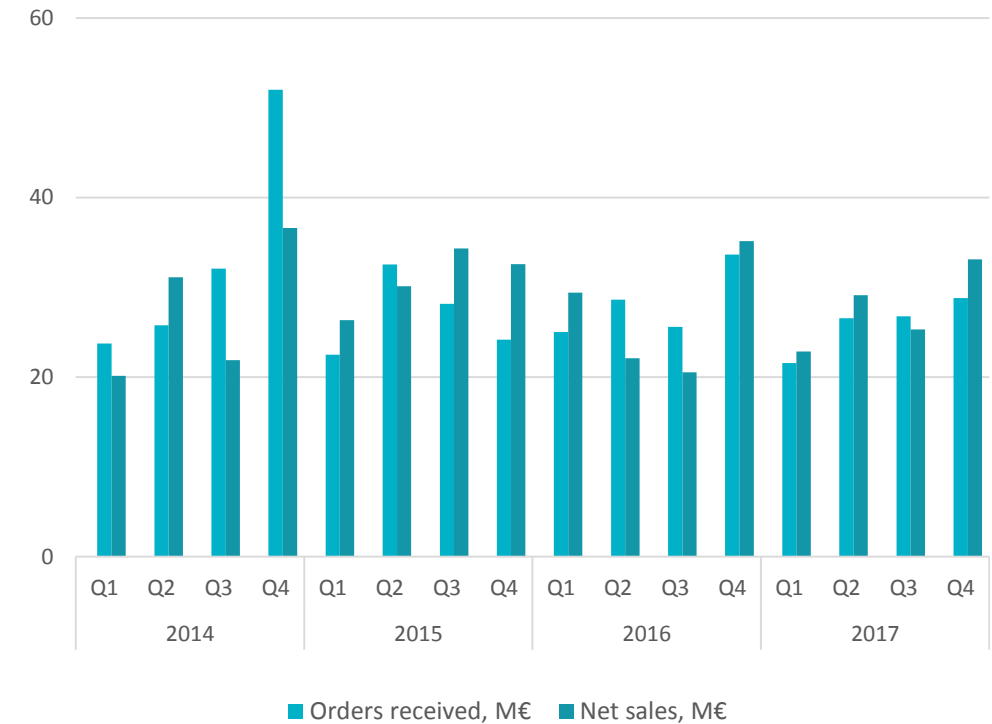
- Glass processing market made a slow start to the year. In the second quarter, the market picked up and a gradually improving trend continued throughout the year
- Orders received declined by 8% compared with corresponding period the previous year. This was due, in particular, to the weak first quarter. The 2016 order intake was also increased by the Glasstec Fair, which is held every other year
- Net sales rose 3% compared with the previous year
- Comparable operating profit nearly doubled
- Investment in product development grew. R&D expenditure's share of net sales was 3.6 (2.8)%.
- The Board of Directors proposes that a return of capital of EUR 0.01 per share be distributed for 2017

\*) Taking into account the sale of the USA and Canada pre-processing machine business, orders received declined 5% and order book -21%. Net sales increased by 5%

# Operating environment Q4

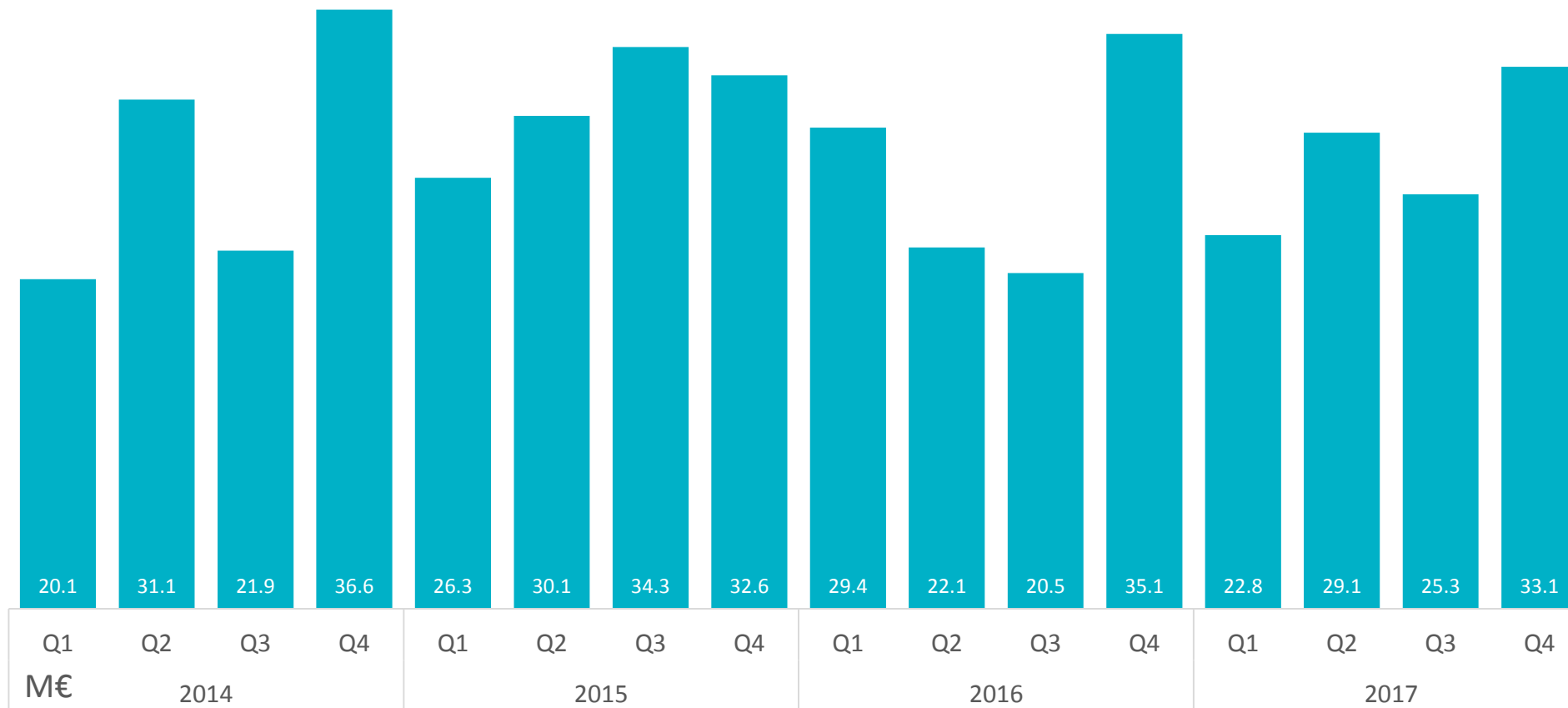


- EMEA area strengthened its position
  - In Central Europe, demand strengthened
  - The Russian market picked up
  - In Eastern Europe, EU-supported projects advanced
- Stable development in North America continued
  - Several important openings in laminating machines
  - Market for modernisation products is still in good shape
- Variable development in Asian market area
  - Activity increased in Southeast Asia and the Pacific region
- In South America, the market remained subdued



# Q4 net sales

Down 6%\*), in 2016 deliveries weighted strongly towards Q4

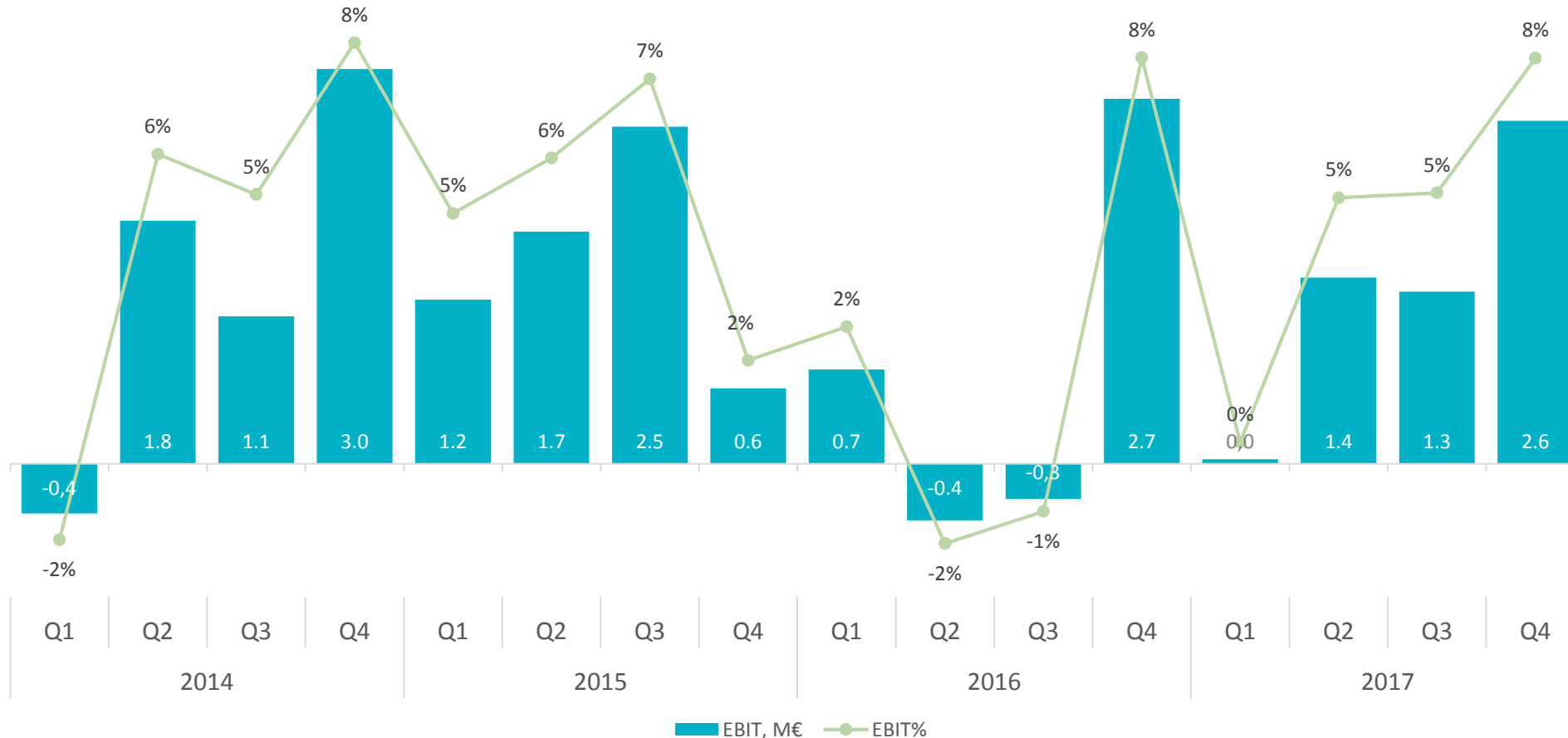


\*) Taking into account the sale of the USA and Canada pre-processing machine business, net sales decreased by 3%



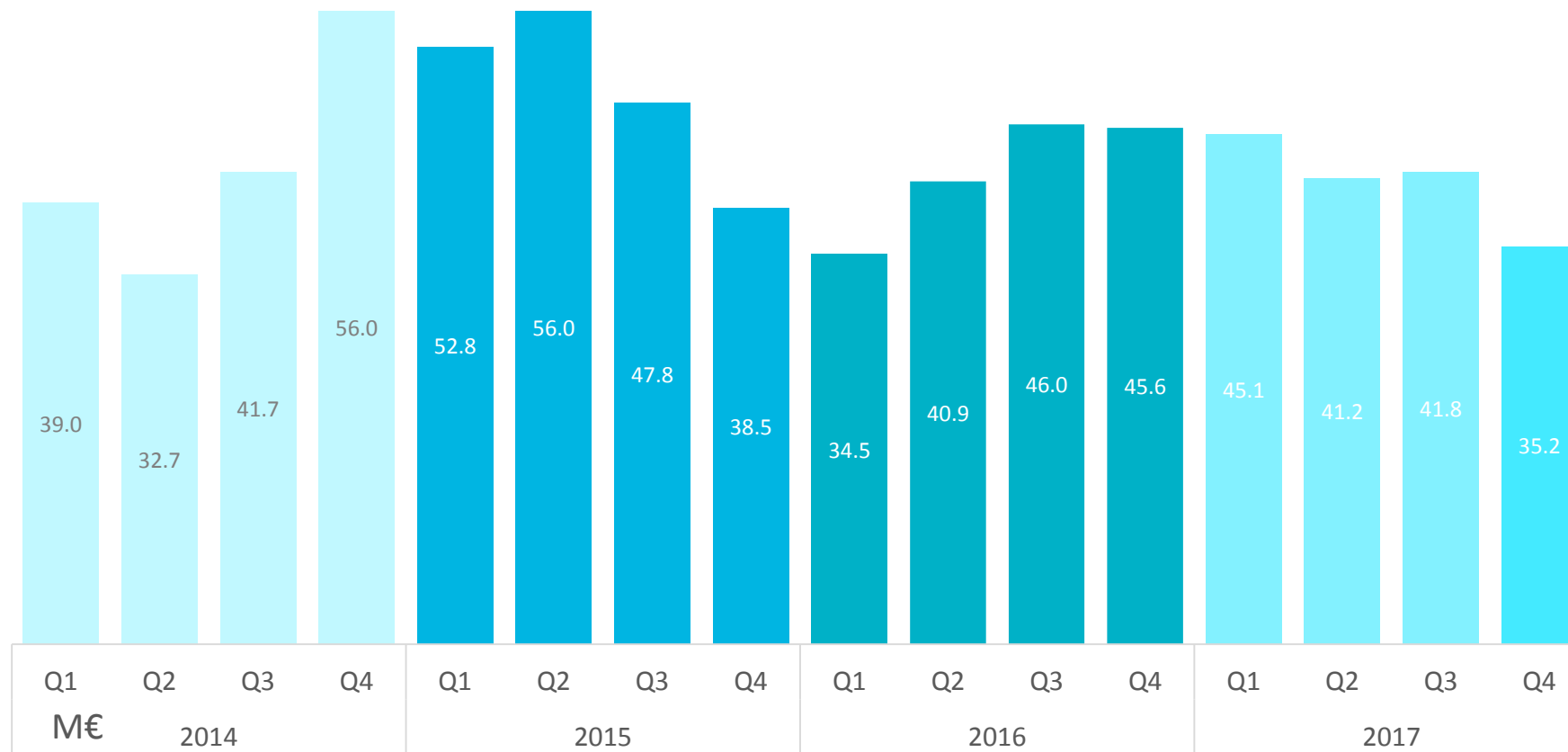
# Q4 comparable operating profit

Comparable operating profit was nearly at the previous year's level, good profit%



# Order book below last year

Q4 net sales clearly over new orders



# Machines Q4



- Machines business market was lively in the final quarter
- In the EMEA area, market activity increased
- In North America, the market continued to be stable. The South American market was still weak
- In the Asian market area, development varied from region to region
- Order intake was EUR 19.6 million, which was 12% down on the previous year's high level. The largest orders were received from China, Austria, Switzerland and the Pacific region
- Net sales totalled EUR 22.3 million, down 7% compared with the corresponding period the previous year



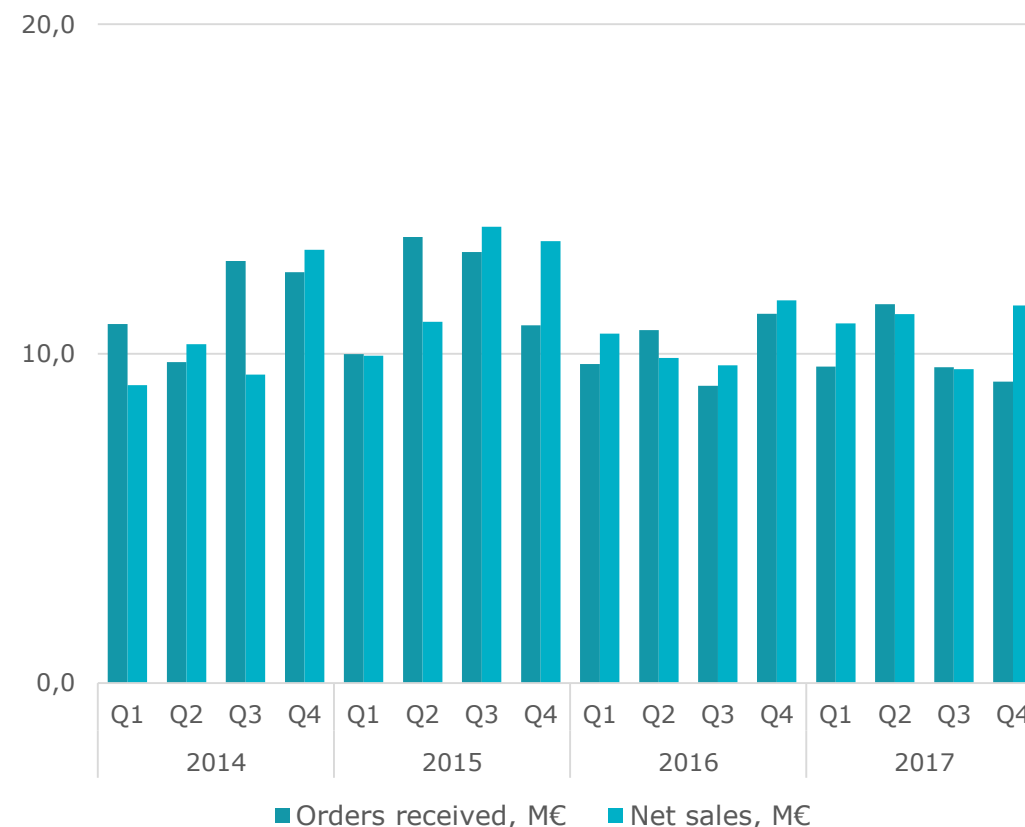
In 2017, Machines net sales increased by 3% and was EUR 69.3 million.



# Services Q4



- The cautiously positive development of the services market continued
- In modernisation products, demand was still growing
  - Orders e.g. to Mexico, the USA, Argentina and Australia
- Order intake was EUR 9.2 million, down 18%\*) compared with the corresponding period the previous year
- Net sales were at the previous year's level: EUR 11.5 (11.6) million. Growth was 8%, when the sold pre-processing business is eliminated from the comparison data

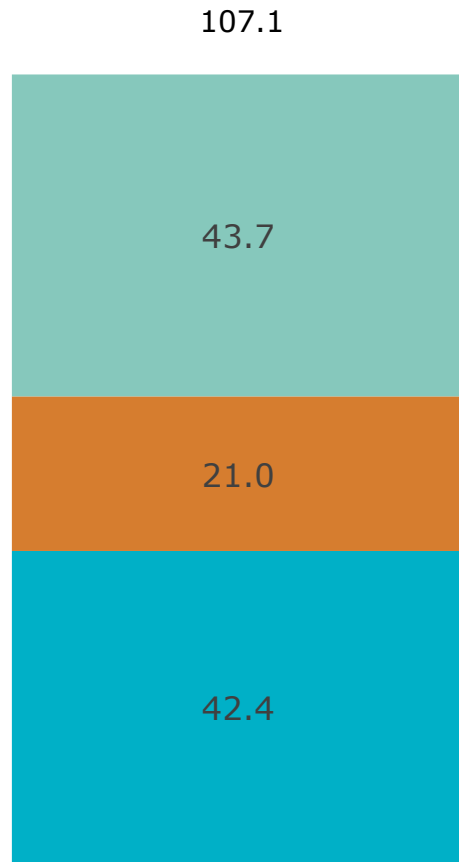


Services net sales for 2017 were up 3 % to EUR 43.1 million and up 9% when the sale of pp business is taken into account.

\*) Taking into account the sale of the USA and Canada pre-processing machine business, orders received -7%, net sales +8%

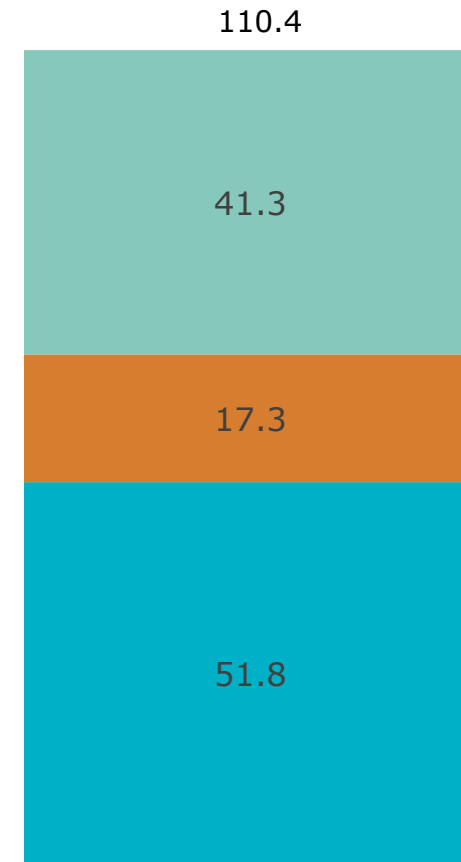
# Net sales per region

EMEA net sales up by 22%



1-12/2016  
M€

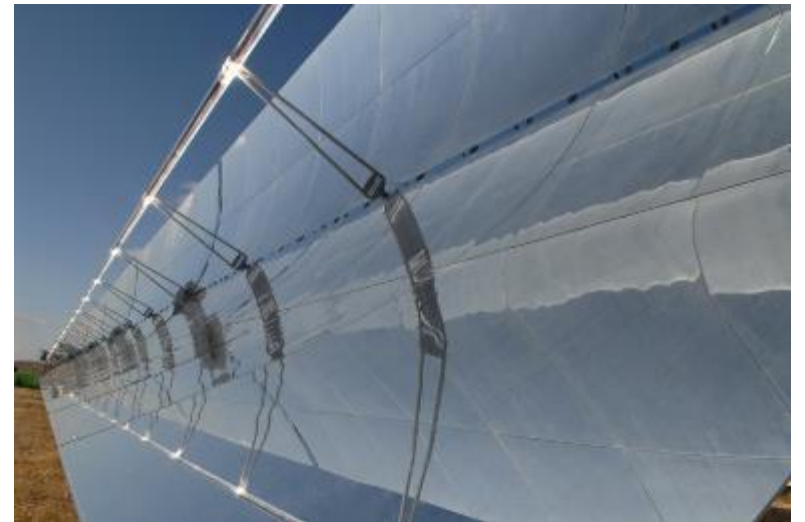
■ EMEA ■ Asia ■ America



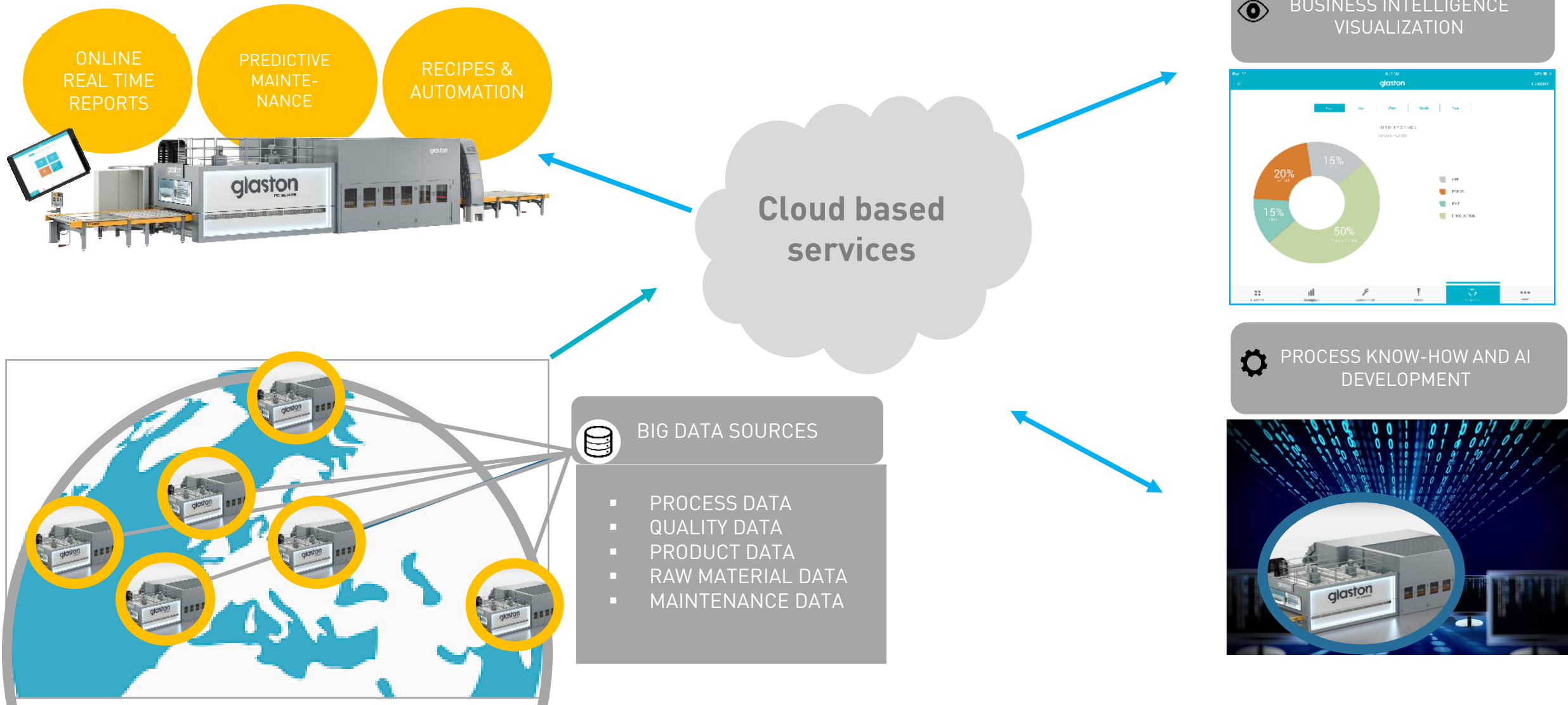
1-12/2017  
M€

# Continuous investment in product development **glaston**

- Glaston is investing more heavily in product development. In 2017, research and development expenditure, excluding depreciation, totalled EUR 4.0 million (3.0), i.e. 3.6 (2.8)% of net sales
- The main focus of product development was on digitalisation, automation and industrial internet utilisation
- Digitalisation facilitates the shift towards automatic glass processing
- During the year, dozens of customers' machines were connected to Glaston's cloud service
- Development work to improve tempering machines' energy efficiency continued, the focus being on optimising the highly demanding tempering process



# Digitalisation at the heart of product development **glaston**





# Emerging Technologies

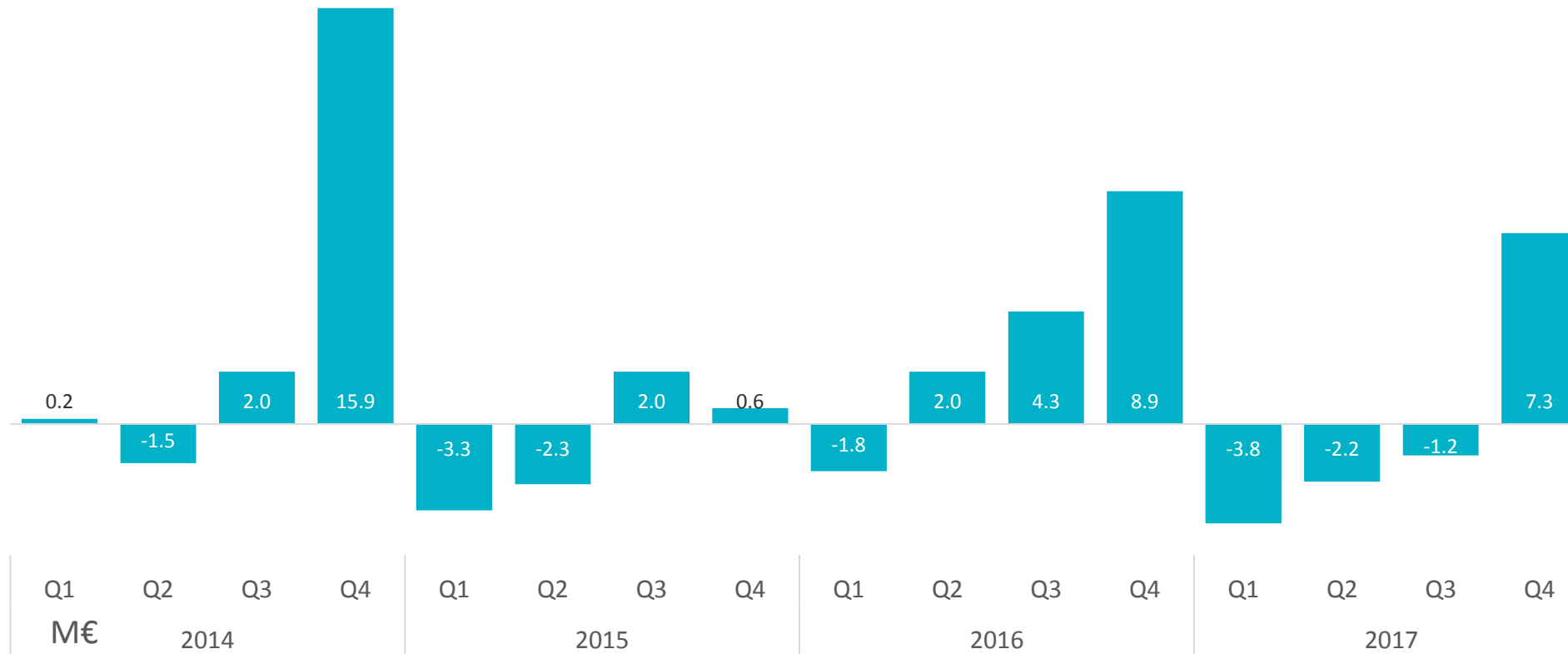
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- In January 2017, Glaston established the Emerging Technologies unit, which offers consulting and engineering services for smart glass and energy glass window production as well as solar energy applications
- During 2017, around 25 experts from Glaston participated in the unit's projects
- Due to its strong technology expertise, Glaston has been able to respond to highly challenging development requests
- Offers have been made to several partners
- In the Heliotrope project, the focus was on testing a prototype line and larger glass sizes, and on developing an electrochromic material. The prototype line was approved on a preliminary basis in December 2017. In addition, planning of a pilot line advanced to its decision stage

# Cash flow from business operations improved

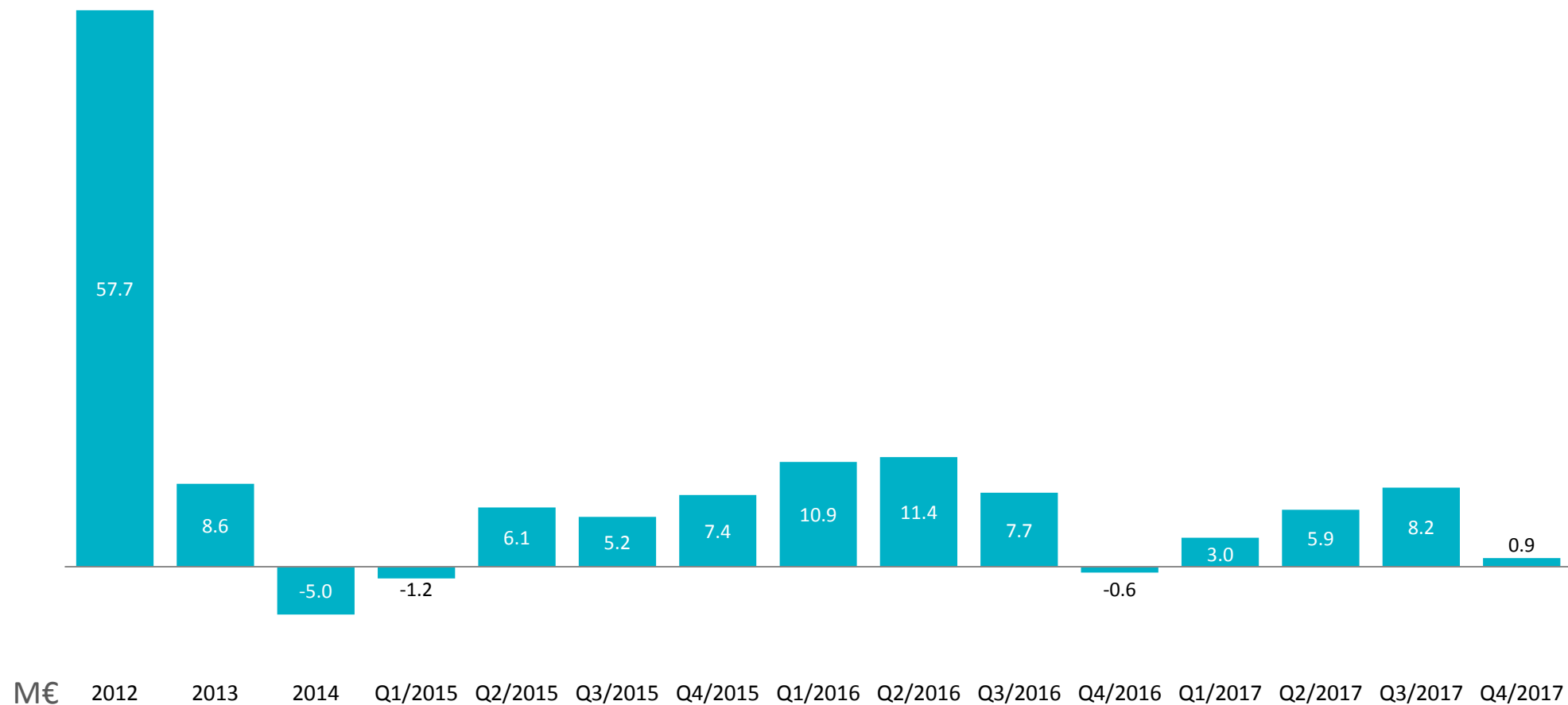


In the final quarter, good profit and lower working capital



# Net debt close to zero

Cash and cash equivalents grew, debt was reduced





# Outlook



- The development of the glass processing market gradually improved during 2017, and Glaston expects the positive development to continue in the current year. The strong growth expectations for the world economy support this view. Customers continue to take time over their investment decisions, which may cause delays in orders and fluctuations in quarterly order intake.
- Although the order book at the end of 2017 was lower than the previous year, the good order intake of the second half of the year and positive market development create good conditions for profitable growth in 2018.
- We expect the full-year comparable operating profit to improve from 2017. (Full-year 2017 comparable operating profit was EUR 5.4 million.)





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